

**COMMITTEE ON ACCOUNTS, ENROLLMENT  
AND REVENUE ADMINISTRATION**

**April 24, 2001**

**3:00 PM**

Chairman Thibault (pro-tem) called the meeting to order.

The Clerk called the roll.

**Present:** Alderman Levasseur, Pinard (late), Thibault, Lopez

**Absent:** Alderman Hirschmann

**Messrs:** K. Clougherty, K. Buckley, J. Desrosiers, T. Arnold

Chairman Thibault addressed item 3 of the agenda:

Review of Board of Assessors reports.

Chairman Thibault stated regarding the Board of Assessors report, I told them to let it go until the next meeting because Steve Tellier is on vacation this week.

On motion of Alderman Levasseur, duly seconded by Alderman Lopez, it was voted to table item 3 regarding Review of Board of Assessors reports.

Chairman Thibault addressed item 4 of the agenda:

Communication from the Internal Audit Manager submitting audit status updates.

Mr. Clougherty stated we have been putting this item on the agenda to keep you abreast of where we are with the different reports. Kevin, if you just want to walk people through quickly where we are on each one of these that would be helpful.

Mr. Buckley stated the first audit is the Building Improvement Program audit, which is completed. The report has been written and it is ready to be released anytime that is okay with you.

Mr. Clougherty stated our recommendation...the Building Improvement Program is the Intown audit, it is completed. What we did not want to do is come up and

discuss it today because it is school vacation week. This committee has not had a chance to take a look at it. We have not been able to get it out to the other group. As a matter of protocol it is important to let the Intown people have a chance to look at it. What we would like to do is put it on at the next meeting.

On motion of Alderman Levasseur, duly seconded by Alderman Lopez, it was voted to table the Building Improvement Program portion of item 4.

Mr. Clougherty stated just for clarification so that everybody knows...what we will do is on the next agenda we will put the report on, we will include the report in the agenda so people will have that on a Friday or a Saturday but we will not answer any questions as a staff on the audit until we present it to you. The report will be out there and people will read it and they may have questions but we do not feel it is appropriate for us to answer questions over the weekend or on a Monday or whatever until we have presented it to the audit committee which is you people so that you have a chance to ask questions first and then at that point once we have come to a conclusion whatever that is of this group we will follow on.

Alderman Lopez asked did I hear you correctly that you are going to send them a copy.

Mr. Clougherty replied we would include it on the agenda, Alderman. So when the agenda for the Committee on Accounts goes out at the next meeting the Intown audit will be in there unless you ask us not to...if you do not want us to include it in there.

Alderman Levasseur stated Mr. Chairman, I would rather it came to the committee first because then we do not need to send it on.

Mr. Clougherty stated if we want to go that route we would send copies to the members in a confidential envelope. At the same time, I think it is important as a protocol that we send that report to the Board of Directors of Intown Manchester so that they have it as well. We will "unveil it" or talk about it at the meeting.

Alderman Levasseur stated I do not understand why we have to...this is the audit committee we could go forward and then we could have our recommendations and then send it forward to them.

Mr. Clougherty stated as a matter of professional standards you are required to give the person who is audited a copy of the report in advance of the meeting. At the State they do the same thing.

On motion of Alderman Levasseur, duly seconded by Alderman Lopez, it was voted to send a copy of the Building Improvement Program report to members of the Committee on Accounts and to the Board of Directors of Intown Manchester.

Mr. Buckley stated the Permit/Assessment Cycle Audit test work has started on that and I should be able to wrap up test work by the end of this week/middle of next week and then have a report within the month.

Alderman Lopez asked which one was that.

Mr. Buckley replied that is the Permit/Assessment Cycle...we are auditing what happens from when a Building Permit is issued to the Assessors Office.

Alderman Lopez asked why is it taking so long. This is March 7<sup>th</sup> and it is going to take a couple of weeks and it longer than that in your last report. Is somebody holding you up.

Mr. Buckley replied I got involved with a number of other issues between these two times working on a fixed asset manual, we had that GASB 34 update how we presented to get everyone on board with that new pronouncement that is coming out and a few other things that I have been working on. I have also been working on that in bits and pieces, as I have been able to fit it into my schedule.

Alderman Lopez stated it was made very clear that the jobs that you work on come through this committee and if other things are taking time away from the reports that we are supposed to be getting then this committee should know about it. You work direct with this committee.

Mr. Clougherty stated they report directly to you but they have other responsibilities that come through me as a City Auditor.

Alderman Lopez stated then we should know what those responsibilities are then because it has been testified here that even with Alderman Hirschmann here that the audit...and that was the reason that we said tell us what you are doing. If we are not going to get our reports in time then there is something wrong someplace along the line if you are being utilized in other capacities you are not getting the reports.

Mr. Clougherty stated just for the record he is not being used in any other capacity other than an audit capacity. Other than providing you with the reports there are additional training and GASB requirements that he has to meet so we make sure that he does so. We will keep you informed of that.

Alderman Lopez stated keep us informed that is all I am saying because if his time is being taken and he is giving us a report saying it is only going to take a couple of weeks to do something and this was March 7<sup>th</sup> but if he has to do these things we should get the report.

Chairman Thibault asked is it possible by the next meeting on May 8<sup>th</sup> you might be able to have your report.

Mr. Buckley replied that might be a little early but I would try to get it for that one but it might be a little early. It depends on when I get the information back from them and have a chance to look at it. They have been busy and their time is just freeing up now. The budget process was holding them up a lot.

Mr. Clougherty stated we are not trying to...in order to meet our timetable we are asking one of the other departments to do something that throws them out of whack so we try to accommodate them as well.

Chairman Thibault stated at least we are informed about it and we know they are working on it and we are going to get this as soon as it is possible. We cannot do much about that.

Mr. Buckley stated the Healthcare Claims Audit where we have a company looking at all the prior healthcare claims to see if we could get money back from them. They have everything they need finally. They have all the claims dated from Anthem Blue Cross and from the other TPA that we had previously worked with and we should be seeing results from that very soon.

Mr. Clougherty stated the delay on that was we had to get a legal affidavit to make sure that...to require them to do that. Once that hurdle was cleared, the information is now flowing and we could get the actual audit done.

Mr. Buckley stated Berry, Dunn, McNiel and Parker is also doing an audit of the cable fees that we get from MediaOne. That should be done very soon.

Mr. Clougherty stated that should be ready for May 8<sup>th</sup>. We have talked with them and the fieldwork is done, the report has been received in draft and there is no reason why it should not be ready for May 8<sup>th</sup>.

Mr. Buckley stated and the final item is the CAFR which is standing as it is which should be coming out.

Mr. Clougherty stated that is the City's financial statements, which are overdue. The reason as you know that we are not able to do ours is because we have been

waiting for the School District. I have the School District' audited financial statements. That is the news of the day we have an audit report from the School District. We do not have their Management letter but we have their audit. We will now take this information, fold it into our audit...we would have like to have been in at the 8<sup>th</sup> with our auditors so that they could explain to you as we do every year what the responses are and the Management letter for the City. We expect that it probably will not be on the 8<sup>th</sup> but at the next meeting. We will shoot for our second...we might even ask for a second meeting just to get that cleared off so we could have it accepted. Now that we have something from the School Department we can move forward. As you know, this is a subject of a court proceeding as well so we have to be careful in that regard.

Alderman Levasseur asked as far as the audit of the School Department or the audit of their auditor.

Mr. Clougherty replied this is the...we have from their independent auditor, an audit of the School Department for Fiscal Year 2000. We do not have from them their Management letter. We expect that will be forth coming now that we have this report. For our purposes, we can now hand this off to Scott Bassett and have him complete our audit and provide you with the Management letter. But as he has reported to you in the past this is going to take some time. We will not be able to turn it around by the 8<sup>th</sup>; it will probably be for the second meeting in May.

Alderman Levasseur asked the numbers that are included in this audit; they will not effect this year's tax rate because you already took care of that in October even though it was delayed. But it will effect this budget cycle that we are going into right now.

Mr. Clougherty replied in the affirmative.

Alderman Levasseur asked has the Mayor been informed of this.

Mr. Clougherty replied the Mayor just got this on...this was just handed to us today and he is not in so he has not had a chance to look at it.

Alderman Levasseur asked and what is the number that the outside auditor has come up with for a deficit number.

Mr. Clougherty replied their over-expenditure was \$4,000,000 and their deficit was about \$1,000,000. We have not even had a chance ourselves since it came in today...I think it was \$1,700,000.

Alderman Levasseur asked when you say the over-expenditure is \$4,000,000 and there is a deficit of \$1,000,000 how can you clarify that or justify where is the \$3,000,000 that...has that just been absorbed by other revenues that they think they have.

Mr. Clougherty replied what happens is you have really two things; you have the appropriation for spending that this Board, the legislative body, adopted. They exceeded that by \$3,980,000 and that is made up of two pieces. It is made up of their General Fund plus their Food and Nutrition Program. The combined over-spending is \$3,980,000 that is the expense side. On the revenue side, they did better than they thought they were going to do in some areas so that, to a certain extent, offsets the deficit at the bottom line so it is \$1,700,000 and they have questions. We have a copy of that report.

Alderman Levasseur asked when are you going to give us that report.

Mr. Clougherty replied if you want a copy of this report we would go down and copy it and give it to you this afternoon. Now that we have it, I do not think it is a confidential document.

Alderman Levasseur asked would you send that to the full Board for tomorrow, Kevin, instead of to just this committee.

Mr. Clougherty replied I would be happy to do that and asked Tom, is that okay.

Mr. Arnold replied as far as I know it is okay because they released it to you.

Alderman Lopez asked there are some things going to court. I have asked for it before because an explanation...is that in the report in reference to the 3.9 million dollars because they are saying that a million dollars should not be accounted for because they...is that all in the report.

Mr. Clougherty replied in the affirmative and stated in their report they are contesting certain areas that they feel...and that serves as a basis for their court action.

Alderman Lopez asked that is for their deficit of 1.7 million dollars.

Mr. Clougherty replied in the affirmative and stated we have in our correspondence and when we give you ours we will address those as well from our side.

Alderman Lopez stated you might put a cover letter on it, Kevin, so we could point out some things to us that are financially.

Alderman Levasseur asked the audit report that you have does not indicate the court action so the cover letter will update us on the court action so the cover letter will update us on the court action saying what the deficit number is...the chargeback number they are fighting about. I do not think that is anything that is...

Mr. Buckley stated the footnote is pretty detailed about what they feel their position is on this so you will be able to pull the numbers out of that and our position is the opposite of that.

On motion of Alderman Levasseur, duly seconded by Alderman Lopez, it was voted to send the School District audited financial statements to the Board of Mayor and Aldermen.

Alderman Levasseur stated I might have skipped over the health audit. What are your feelings on what the outcome will be on that even though you are not done yet.

Mr. Buckley replied they have just gotten the information and they are just starting to crunch numbers. So they really do not have a feel for how much money they are going to be able to recover on that at the moment.

Alderman Levasseur asked Kevin Clougherty, when we talked about an RFP last year, did we ever end up doing that or did we get anything back on that.

Mr. Clougherty replied there was an RFP for the audit. There was an RFP for insurance services and I believe there is a recommendation coming out on that shortly and the Mayor's budget is based on the responses from those RFP's that were received for health insurance.

### **TABLED ITEMS**

Chairman Thibault addressed item 13 of the agenda:

Communication from Randy Sherman, Deputy Finance Officer, relative to management audits/reviews.

(Tabled 11/21/00 pending Auditors review of procedures and controls between Building and Assessors with report back to committee -- updated 02/22/01.)

On motion of Alderman Levasseur, duly seconded by Alderman Lopez, it was voted to take item 13 off the table.

Mr. Clougherty stated that item at the time we were talking about moving ahead with the review of the Assessors. That is moving smoothly so it is almost done so instead of having it sit there...

On motion of Alderman Levasseur, duly seconded by Alderman Lopez, it was voted to receive and file item 13.

Chairman Thibault addressed items 12 of the agenda:

Revenue Policy

(Tabled 10/24/00 - most recent draft copy submitted 03/07/01 enclosed.)

Mr. Clougherty stated it has been awhile since you looked at the policy and my recommendation would be to set up a special meeting of the committee just to do a session like we did with the Travel Policy and go through these documents page by page so that you are really comfortable with them and then we could move them forward. We would like to see a work session set up for items 12 and 14.

Alderman Lopez asked do you really think that is necessary. I personally do not think it is necessary because I went through that Revenue Policy while four other members voted for it and they let me, the Chairman before, let me work with Jennifer Desrosiers. But if they want to do it and go through it I do not know what it is going to accomplish. We have, in this document, in this agenda; we have three different documents. First of all, we should take the ones that were drafted and keep the final draft in here if you want to table it and let them look at it again.

Mr. Clougherty stated if you are ready to vote on it that is fine with me, too, Alderman.

Alderman Lopez stated I do not know if we are ready to vote on it. I am not going to speak for them.

Alderman Levasseur stated we already did once and you wanted to forward that...

Alderman Lopez stated they voted on it once and I am prepared, I just have a couple of questions but I think the first thing taking it off the table to get rid of two of those drafts that were tabled. We have three documents on revenue here.



On motion of Alderman Levasseur, duly seconded by Alderman Lopez, it was voted to take item 12 off the table.

Alderman Lopez stated Mr. Chairman, if we could take the first two and get rid of them and deal with the final.

On motion of Alderman Lopez, duly seconded by Alderman Levasseur, it was voted to receive and file the first two drafts of the Revenue Policy.

Alderman Lopez stated it has been a long process since Jennifer did this. I have the final draft in the agenda.

Ms. Desrosiers stated what ended up happening is as I sent you revisions, the tabled items stayed on the table and then the new item got put on the table as well so we have several different copies in here. Hopefully we have the most recent one on top.

Chairman Thibault stated it is written final draft on this so I imagine that is the one.

Mr. Clougherty stated the one that is in your agenda is the most current one.

Alderman Lopez stated the one I am interested in is item 9. I noticed in the definition we did not put a definition for the uncollectible or insufficient checks and we went through this route before that they are both the same thing that we are talking about. So should we do that is it necessary or should we put it in the paragraph under 9 when speaking about insufficient and uncollectible.

Ms. Desrosiers stated the words are interchangeable it means the same thing from our perspective. If you want us to include a definition we will be happy to put one in there.

Alderman Lopez stated I would appreciate it because for the simple reason under the State Statute it uses one and if we are using that under State Statute and then we go to the \$25.00 plus \$5.00 and we are utilizing State Statute for \$25.00 then we got no problem. So I would recommend we do something like that.

Ms. Desrosiers asked should we put that in the beginning where we have the definition section then.

Alderman Lopez replied I think so then there would be no question and when you are reading the document that insufficient and uncollectible is the same thing throughout the document.

Alderman Levasseur asked the maximum penalty allowed by law \$25.00 are you comfortable with that I thought you wanted to make that \$50.00.

Mr. Clougherty replied that is item 10 on the agenda.

Chairman Thibault asked before we get into that just one thing I would like to bring up here if I could...Kevin, could you tell us why it ends up costing you over \$50.00 to do this. According to others, \$25.00 is more than fine.

Mr. Clougherty replied there is confusion on this.

Chairman Thibault stated and I do not know how we are going to handle that. How could we say that for Finance we are going to charge \$50.00 when all the others are \$30.00 or \$25.00 or whatever.

Mr. Clougherty replied the City of Manchester just by its nature in size is diversified. We have some things that some agencies like Tax and utilities that are really efficient in this area and we have others that are not. That is not unusual. The reason that some are efficient is because they have hammers that they can use to get people to come to the table on certain things. For example, in auto registration there is a clear line of statutory authority to deal with that if somebody bounces a check. If the Water Department gets a bounced check they could shut off your water. If you go to the Sewer they could also shut off your water. So there are certain entities within City government that could be very efficient in terms of collecting because of certain statutory mechanisms that they have. Those probably are providing a service that is under \$25.00. That is not unusual in the State. If you go to the Gas Company or to the electric company how they deal with insufficient funds is different than the way that a retailer deals with it. If you bounce a check on Macy's or somebody else they are going to charge you all kinds of things. There are similar to our Parks and Recreation Department because once you have come and paid for your ski pass and skied it is like somebody who has bought a sweater and left. So you have these two different demands. No question, the volume of insufficient funds comes through City Departments that are pretty efficient in terms of dealing with these. But even though the volume the amount is more of those and they are the cheaper, the expense of these others gets the average of everybody up over the \$25.00. What happens when we come in we say if somebody bounces a check on the City the normal procedure is that we have with our contract with the bank is that they redeposit it...they deposit it the first time and it bounces...they wait until the next day and deposit it again. If it still bounces, then that is when we will assess the \$30.00 penalty. The \$25.00 to cover the City cost and \$5.00 for the bank. The person who bounces the check gets hit with that but then they will also get hit with

a penalty from their bank that is different from this. That penalty that will come from the bank, depending on the bank, ranges from \$20.00 to \$40.00 around the State. Most of the larger cities and the State are wrestling with how do you balance this because when you add in the cost of insufficient checks...I sympathize with Joan Porter because what she is saying is true...she is efficient and she does not have to deal with this and if you "jack-up" the cost of the penalty her people who are the first line dealing with this are the ones who are going to get beat over the head. But on the same token, I have to look at it from the broader citywide perspective and say on average this is not working. It is not that Finance is saying...it is the combination of all of these people that we are dealing with. What we had thought was if you were going to do some legislation you would put a sliding scale...you would be able to grow up to \$40.00 over time. To just go right from what is now...I do not think would make sense. We would like to see it scaled up. There is a similar problem with the State because you might expect that the State has some agencies that are very efficient and some that are terrible and are offsetting. It is our understanding that the Deputy State Treasurer is looking to do something in this area. The Government Finance Officers Association is looking to do something in this area and we expect that legislation...whether we initiate it or not is going to come forward from one of those areas. If the State Treasurer is going to do something strategically it might make more sense for us to wait until they do it, tack on with them and move forward. That is the background of this. We have to come in and tell you that some of your departments are doing a really good job in this...it is the ones that deal with most of them and that issue. But that is offset by the small number and the cost of researching these others that just do not do it a lot. Right now it is not a big number it is a couple hundred checks. But we have seen in the recession where that went up to 2,000/3,000 checks and that could get into some serious money.

Chairman Thibault asked when do you feel the State will be coming out with some legislation to that effect.

Mr. Clougherty replied I have to meet with the...the Treasurer was in New York all last week so I am trying to meet with her on a couple of things. This legislative session is different from all the others because it used to be that legislation had to be introduced by this October for next year, they are saying that the deadline now is just about on us so I do not know if she has put in a bill or not. If she had put in something then we could amend it. If she has not, then it will be the next session.

Chairman Thibault stated I would suggest that you just keep us informed as to where that is at and we go along with that theory that you are saying that once the State passes something that we could do it and it could be a universal system.

Mr. Clougherty stated we are not giving up on it, we feel it is important to balance it.

Alderman Lopez asked I would like to go to item VII in the Revenue Policy..."The Finance Department may propose increases for the nearest metropolitan statistical area"...why could you not identify the nearest metropolitan area.

Mr. Clougherty replied because it has changed over time, Alderman. We could say the Boston SMSA but we understand that there are some consideration of doing a northern New England SMSA and we do not want to get it in there and then have to come back and amend every time they change a title. So by saying the nearest it is whatever SMSA we are included in that would carry it.

Alderman Lopez asked in reference to the other bullet...the cost-of-service study...when you say "conducted on every four years beginning with the date of policy"...so if this was adopted four years down the line or should we not have a base to go from the first year and then four years.

Mr. Clougherty replied if you adopt this policy we would hope in four years to have gone through all of the revenues so that at that fourth year you would have that history to start with as a foundation then rather than waiting out in time.

Alderman Lopez asked but you would not want to...if we adopt a policy you do a cost-of-service price study the first year and then go every four years. Is it going to take you four years to get a cost study.

Ms. Desrosiers replied it says that it is going to be on an established phase-in schedule and that is what we meant by that.

Mr. Clougherty stated we do not have the manpower to do it, Alderman, in one year. It is not that we could not, if we just say do this and that is all you do but we just do not have the time to do it.

Alderman Lopez stated I just want to understand it. The way I read this is that if we approve this four years down the road you will do a cost study. Am I reading it wrong.

Mr. Clougherty stated we would do a cost study of the various services so that at the end of four years we will have looked at the entire City.

Alderman Lopez asked could we maybe change the language around and make it so that everybody understands it.

Mr. Clougherty and Ms. Desrosiers replied in the affirmative.

Alderman Lopez asked letter “d.” under paragraph VII, “The Finance Department shall prepare a list of all charges and the percent of each service recovered through charges or fees for each department” is that what we do now or is that something new.

Mr. Clougherty replied to the extent that we can do it we do do it, Alderman.

Alderman Lopez asked including the Enterprise system.

Mr. Clougherty replied in the affirmative and stated again it is a matter of setting as a priority that this is going to be something going forward and when the Board adopts this then we could get the cooperation from the departments and move forward.

Alderman Lopez asked my last question is we had a problem with...I was looking for my letter with the Airport and I would not want to approve this without the Airport Director’s input because there is Federal Regulations and I do not know how this document or where that applies to.

Mr. Clougherty replied if you look on page 6 the very last paragraph...it says “Any Department Head or Finance Officer may petition the Committee for exempt status of certain accounts or classes of accounts from the Collection Structure”. If the committee is comfortable with this...one of the things that Kevin Buckley did not want to do is spend a lot of time going through drafts. If this is the final policy we could send it out to the departments and tell them this is the final draft and if you have an issue with this be at the next meeting before it is adopted. Underneath that exempt area then he would come in and make his case and you would consider what sections to accommodate him.

Alderman Lopez stated that is a good suggestion and I like that.

On motion of Alderman Levasseur, duly seconded by Alderman Pinard, it was voted to submit the Final Draft Revenue Policy to each department head and address the committee in writing before the next committee meeting if they have any questions or concerns.

Alderman Levasseur asked the cost-of-service study of the Enterprise Funds will be requested by the Finance Department every four years...do you like that word “will” do you want “shall” or “may” because the word “will” to me is just kind of hanging there. That is on page 4, -second paragraph.

Mr. Clougherty replied we could make it “shall” and then if the requirement...

Alderman Levasseur stated I think, “shall” because then if they have any problems or concerns then they could go back to the caveat that you have at the bottom of page 6. Only because I think it puts an onus on your department to do it. You may not be here forever, Kevin; I want these things put in here.

Chairman Thibault addressed item 14 of the agenda:

Communication from the Revenue Administrator submitting a draft copy of Ordinance 35.023 regarding the Collection of Unpaid Accounts Receivable. (Tabled 02/13/01 - most recent draft copy submitted 03/07/01 enclosed.)

On motion of Alderman Levasseur, duly seconded by Alderman Lopez, it was voted to take item 14 off the table.

Mr. Clougherty stated again, item 14 is the same thing if there is no problems we would send it around to the departments with a similar memo for May 8<sup>th</sup>.

On motion of Alderman Levasseur, duly seconded by Alderman Pinard, it was voted to submit the draft copy of Ordinance 35.023 regarding the Collection of Unpaid Accounts Receivable to each department head and address the committee in writing before the next committee meeting if they have any questions or concerns.

Mr. Clougherty stated this has been reviewed by the City Solicitor’s Office and we will send it around.

Chairman Thibault addressed item 15 of the agenda:

Communication from the Finance Officer seeking guidance on the approval of miscellaneous departmental spending as enclosed herein. (Tabled 02/13/01 per Mayor's recommendation.)

On motion of Alderman Levasseur, duly seconded by Alderman Pinard, it was voted to take item 15 off the table.

Mr. Clougherty stated the Mayor had asked us to get involved and help to review a policy that had been drafted by the Human Resources Department. We have done that. We have it into a final draft version and that would be available for the next agenda.

On motion of Alderman Lopez, duly seconded by Alderman Pinard, it was voted to receive and file item 15 of the agenda.

Alderman Levasseur asked but this will be also like you said you are about to finish the statement are you going to send this to the full Board.

Mr. Clougherty replied in the affirmative and stated the Mayor will be bringing it to the full Board. He is going to look at it and go through it.

Chairman Thibault addressed item 16 of the agenda:

Proposed Intown District Graphic Ordinance.  
(Note: available for viewing at the City Clerk's Office and previously forwarded under separate cover to committee members.)  
(Tabled 12/13/99)

Mr. Clougherty stated I do not know what item 16 is. That was referred to the committee on a separate issue. It has been on the table since 1999.

On motion of Alderman Levasseur, duly seconded by Alderman Lopez, it was voted to take item 16 off the table.

On motion of Alderman Levasseur, duly seconded by Alderman Pinard, it was voted to receive and file item 16.

Chairman Thibault addressed item 11 of the agenda:

Accounts Receivable tentative write-offs not recommended by Finance.  
(Tabled 10/24/00)

Mr. Clougherty stated items 11 and 7 on your agenda go together so if you take 11 off you will deal with that as item 7.

On motion of Alderman Levasseur, duly seconded by Alderman Pinard, it was voted to take item 11 off the table.

On motion of Alderman Levasseur, duly seconded by Alderman Pinard, it was voted to receive and file item 11.

Chairman Thibault addressed item 7 of the agenda:

Discussion regarding policy on collection of open invoices over ninety (90) days with the Deputy City Solicitor.

Mr. Clougherty stated Tom is here and he is prepared to speak to the item.

Mr. Arnold stated I was not quite aware of what the committee was looking for prior to coming to the meeting. I had a discussion with Alderman Lopez. The Finance Department has sent me a number of past due invoices in the amount of \$1,000 or greater to look at. I have not had a chance to look at them all yet. Unfortunately with a number of accounts starting this policy is a burden that I have not been able to get to. I have looked at some and gotten back to the Finance Department and one of those was not one of the ones here on your list but was Casco, Inc. the old Pyramid Club down on South Willow Street. Alderman Levasseur asked me to look and see if any of that equipment had made it over to Liquid. I did go to the City Clerk's Office and research the ownership of Liquid and it does not appear that there is any connection between Liquid and the Pyramid Club. Liquid is out of business now anyway. As I told the committee, unfortunately the Pyramid Club is also out of business. The principals were out of Massachusetts. The assets over there all have what we call "UCC-1 filings" meaning that there is a security interest ahead of the City in those assets and my recommendation that Casco the old Pyramid Club would be to write it off because I think it is uncollectible.

Alderman Levasseur stated Mr. Chairman; I would to have a recommendation by the Finance Officer on number 7 or 11. We all know what this is all about and these are receivables that we have had problems with. We came in as new guys wanting to try and collect this money. It is obvious that you guys have done everything in your power to try to collect these monies. I know that is what you are here to do. I know you are not going to just let it go by the wayside so if you have a recommendation that we just receive and file this and move on or do you want us to make a policy.

Ms. Desrosiers stated part of the Revenue Policy does say that the City Solicitor will follow-up with these accounts and take them to small claims court if possible.



Alderman Levasseur asked and that decision comes down basically to whether the City Solicitor thinks it is worth the effort.

Mr. Clougherty stated if we could get a letter from the Solicitor on the list that we have given him saying which items to pass on we will take that back to the committee and this committee will act on it. I do not have the authority to write them off only the full Board does. So you get a committee report and we will send it to the Board.

Alderman Lopez asked the attorney is absolutely correct that we really did not give him guidelines. The policy that we send this to him which is already there implore him to give us a letter and tell us that "I am going to keep these three because I think there is a potential but my recommendation is not worth the cost to go after these" so that the Finance Department can turn around and write them off. He has the documentation.

Chairman Thibault stated you are right, Alderman Lopez, if the City Solicitor sent us a letter telling us the ones that he feels are just not worth going after he is spending his time doing this and it is going to cost more to collect it then what we would get. So we are better off to forget it and write it off and get away from it.

Mr. Clougherty stated they have to tell us and then we will go to you and...

On motion of Alderman Levasseur, duly seconded by Alderman Lopez, it was voted to have the City Solicitor send the Finance Officer a letter deciding which tentative write-offs are worth collecting or not.

Alderman Pinard asked who owns the building for the Pyramid Club.

Mr. Arnold replied the Pyramid Club leased the building they did not own it.

Alderman Lopez stated this does not take away anything from the policy of those people who owe us money to try to track them within the system.

Mr. Arnold stated having gotten some additional direction from the committee in what they wish me to consider, I just want to make clear that because this is a new policy I must have between twenty and thirty accounts they sent to me and I do not want to say it is a low priority but obviously things come into the office that need to be handled ahead of this type of item so it might take me a little time to get that initial letter as to the twenty or thirty accounts.

Ms. Desrosiers stated I am only concerned about that because we are coming up on the end of another fiscal year and we really should not leave these accounts out

there if they should be written off...they should be written off this year and we should not allow them to stay there.

Alderman Lopez stated Tom; you could do that in thirty days.

Mr. Arnold replied I would do my best certainly.

Chairman Thibault stated just the ones that you feel you cannot collect.

Mr. Arnold stated I could probably at least take a quick look.

Alderman Levasseur asked did we ever make a decision...did we send any of these to collection agents.

Ms. Desrosiers replied most of these have been forwarded to collections. All efforts were exhausted. You will see in the explanation on the right-hand side that it would say, "all efforts exhausted". So we have tried. I have just recently started working with Matt Normand in the City Clerk's Office trying to see if we could maybe...he actually did collect one that was on this list initially that I sent to Tom in December and he was able to collect \$1,300 by holding back the Business License. That was very helpful. If we know they are going for a Business License we could try to work that out as well.

Mr. Arnold stated if I could just expand on that a little...these items are sent to a collection agency, however, the collection agency because of our Procurement Code we dealt with this before with Finance and because of the cost involved does not send them to an attorney for suit. If they cannot collect them they are returned to the Finance Department with the understanding that they will come over to our office for review. I just wanted to be clear that the collection agency has not tried to collect these by legal means. Often times, given the amount by the time you hire outside counsel at \$100-\$150 per hour you do not end up with anything.

Chairman Thibault addressed item 6 of the agenda:

Communication from the Revenue Administrator submitting the 3rd quarter write off list for the Accounts Receivable module.

Mr. Clougherty stated while we are on the subject of write-offs that is the most recent report for the quarter. If you take a look at that report you will see that for the quarter there is about \$23,000 in total for the period but most of that \$20,000 is the Human Resources Department and they are write-offs where they are charging other departments the Enterprises and the Enterprises are saying what they are

charging them for are not items that they can pay for. You back them out and it is about \$3,000 so we would ask that you move on that.

Ms. Desrosiers stated we did collect one fee that was in here so I do have a revised form. There was a heading error, which the City Solicitor brought to my attention before. It was for \$6.56.

Chairman Thibault asked so you would like to write these off is that what you are telling me here.

Mr. Clougherty stated in the affirmative and stated we would like to get that to the Board.

Alderman Lopez asked some of these are 2000...1998 maybe should go but 2000.

Ms. Desrosiers replied some of these are collection fees which legally at this point we cannot collect those. We cannot force them to pay them because we did not let them know up front that there would be collection fees included.

On motion of Alderman Lopez, duly seconded by Alderman Pinard, it was voted to adopt item 6 on the 3<sup>rd</sup> quarter write off list for the Accounts Receivable module.

Chairman Thibault addressed item 8 of the agenda:

Communication from the Revenue Administrator submitting open invoice reports as follows:

- a) over 90 days by fund;
- b) all invoices for interdepartmental billings only; and
- c) all invoices due from the School Department only.

(Note: available for viewing at the City Clerk's Office and forwarded under separate cover to Mayor and Aldermen.)

Mr. Clougherty stated item 8 is the regular report that we give you of what is outstanding for your information.

Chairman Thibault stated you have the School Department in there too.

On motion of Alderman Levasseur, duly seconded by Alderman Pinard, it was voted all invoices due from the School Department be sent to the Board of Mayor and Aldermen.

Mr. Clougherty stated where we are in court at this point...we are probably better off just waiting on that.

Alderman Levasseur asked is the audit report going to include these numbers.

Mr. Clougherty replied in the negative and stated that was a previous year this is for this year.

Alderman Levasseur stated that is why I think they should be sent up there now so they could see them.

Mr. Clougherty stated we have no problem submitting the report. That is why we are giving you item 8 it is informational.

Chairman Thibault addressed item 9 of the agenda:

Monthly financial statements for the nine months ended  
March 31, 2001.

Mr. Clougherty stated item 9 is the monthly financials for the period ending March 31<sup>st</sup> and we talked to the Board about that at the last meeting. These are a little bit dated at this point. For the May 8<sup>th</sup> meeting, we will have for you the quarterlies for January, February and March and we will have the April month end.

Alderman Levasseur asked is there anything in here that bothered you. I know we were a month behind on this report.

Mr. Clougherty replied the only things that bothered me are the things I talked to you about at the full Board level and that is I am really not clear on Welfare Department's position right now and what they have outstanding which we talked at the board level. Susan Lafond and I will be meeting this week to try and get a handle on that.

Alderman Levasseur asked is the reason why you are not sure is because she was not there.

Mr. Clougherty replied in the affirmative and stated we try to go through the department head and we want to make sure that with her experience that we do not overstate a situation so we are going to meet with her and if there is a need. So that is an area that we are interested in. Tied to that at the last meeting was the money for PBS and Hackett Hill the \$33,000.

Alderman Levasseur asked when you come to us with that announcement of how much you are going to be in deficit from Welfare will she be here to explain what is going to go on at the Accounts or are we going to have her come to the full Board. It would be more appropriate to have her come here.

Mr. Clougherty replied I am required by the vote that the Board took at the last meeting to come back with a recommendation on contingency to the full Board at the next meeting so I really have to address that at the full Board, I believe.

Alderman Levasseur stated that is fine as long as she is coming to somebody, either to the full Board, or us I do not have a problem with that. I just want to see somebody coming in. We are getting close to...the demand for the contingency money is there and I would like to know what it is going to be.

Alderman Lopez stated he has been directed by the full Board to do that.

Chairman Thibault stated when he makes his presentation if we want to call her in the full Board will call her in.

Alderman Levasseur stated I do not have a problem as long as she is coming to some Board because we need to question not her particularly just the department itself on where the expenditures were made. I just did not remember us making a motion that somebody had to come to us at sometime. She is coming May 17<sup>th</sup> anyway in front of the Board for the budget. We could have our questions answered then. Did you want that done earlier, Kevin.

Mr. Clougherty replied I am going to have to be at the Board meeting anyway with a recommendation on contingency beforehand.

Alderman Lopez asked on page 3 of item 9...MCTV, Kevin, we are counting MCTV are we counting it twice now with the School or not. I know it is still a department of the school so why do we have it there.

Mr. Clougherty replied because it was a separate item for reporting purposes. We are not double counting that.

Alderman Lopez asked on page 4 the revenue do you have any concerns. I look at Parks and a few others...

Mr. Clougherty replied one of the things I had with Welfare was on the expense side. On the revenue side what we are seeing is that if you look at the percentage we are doing fairly well in terms of our collections. The problem we have is with the latest reduction in the rates from the Fed. the investment rates that we are

getting are going down so what we earn in the last couple of months instead of seeing us with 10% ahead we may end up 6% or 7% because of the impact of those earnings rates and interest income has been performing pretty well to date. But overall, for the year that could change. The revenue side we are talking to CIP to make sure they are doing their draw downs as fast as they can to make sure we are getting the federal money so we could invest it even though if it is a lower rate if you have more that will help there. Those are the two things that we are concentrating on. If you look at page 5 under Federal Revenues you will see that is an area where we like to move forward.

Alderman Lopez stated I know the bottom line looks pretty good. Individually departments do you think they are saying we are going to get this much revenue just for sake of argument during the budget process and they do not come through with that.

Mr. Clougherty replied in the negative and stated the departments over the years have been pretty right on with what they put in. There is something going on in the economy right now. We talked about this when we did the budget last year. We thought it might hit sooner but it looks like it is going to hit us later and into next year. But there is a correction going on out there and that is going to have an impact. When we talked to the economist from around the State their recommendation was you really should be keeping your projections flat. That is what we recommended to the Mayor.

Alderman Levasseur asked did you take into consideration that we would drop a whole point and we are looking at another one-half point what does that take into consideration for you more people taking advantage of paying off some debt. Do you think that is going to make a difference in what you thought a month or two ago.

Mr. Clougherty replied in the negative and stated it take awhile for those rate reductions to filter through the economy. It usually takes a few months. I still think that we will end up with a surplus this year depending on how we work out with School and we will end up with supporting the policy that we have said to the Mayor that you keep your revenues flat. I do not see growth happening out there with the layoffs. We have seen it the last couple of times that we have been hit with a softening or a recession it starts on the West Coast and it works its way out. We lag some of these things and I think that lag hits us next fiscal year and it would be imprudent to try and increase.

Alderman Levasseur asked Kevin, on page 4 of the report you have the health insurance audit recovery of two million dollars. We are not going to recover any of that.

Mr. Clougherty replied that was one of those things that we put into expense under revenues so that whatever we got is net but it is reflected in that revenue. My recommendation to the Mayor notes that it is net of that number that they should be looking at.

Alderman Levasseur asked what about the City Clerk's numbers here.

Mr. Clougherty replied the Clerk will not make it and Leo Bernier has written us a letter in some regards and in part that is not his fault because when the budget was adopted we were talking about him collecting more in cable fees but then it was generally agreed for us to go after those cable fees did not make sense.

Alderman Lopez stated just a correction that he was counting on a half a million dollars up front and in negotiation they knocked that out.

Mr. Clougherty stated it is really not something that Leo was responsible for. That will be offset by some of the others.

Alderman Levasseur asked so we are going to have to offset all of that though.

Mr. Clougherty stated that is a projection that will be offset by increases in other areas. I think the growth areas in some of those areas this year you are not going to see next year.

Alderman Levasseur asked where was that increase originally placed...was it in the Mayor's budget or was that included in the Aldermen's budget.

Mr. Clougherty replied it was in place right along...it was part of the negotiations that the Committee on Administration was handling and right through the Mayor's...at the time the Mayor's budget was proposed my recollection is that Alderman Gatsas said this was something that we should look at. It was part of the aldermanic budget and then subsequent to that it was the decision that did not make sense and we did not go ahead with it.

Alderman Levasseur asked the rates increased by \$1.00 and we collect 5% of the increase so will that offset it also.

Mr. Clougherty replied that may offset some but I believe that Leo had a piece of that factored into the balance of his revenue.

Alderman Lopez asked in looking and utilizing the money for the Welfare and looking at revenue...do you look at both and be able to say that we should utilize

the entire contingency fund. How about the contribution funds do we add those to the contingency at the same time.

Mr. Clougherty replied what we would look at is to try and first of all figure out about the magnitude...how much. Then depending on how it is if we could cover it through contingency we will. If we are going to need to use all of what we have in contingency and more then we are going to have to take a look at other appropriations like it is all on the spending side. You have to look for the appropriations not the revenue side. You can only use what you have appropriated.

Alderman Lopez asked could you take the money from contributions.

Mr. Clougherty replied you might have to take a look at some of the other line items and see where there are funds available and move some of those balances to contingency and make it available. What happens then is if we have to use all of what is in contingency and some additional then I do not have the \$33,000 to take care of Hackett Hill but that by nature might qualify for some of the economic development dollars that Welfare would not. I cannot take money from economic development and give it to Welfare.

Alderman Lopez asked would you look at the revenue as to whether or not we are going to make it.

Mr. Clougherty replied we will start providing the Board in this last quarter as you know the revenue forecast and projections that we have done every year as part of the budget so you have that updated.

On motion of Alderman Levasseur, duly seconded by Alderman Pinard, it was voted to accept the monthly financial statements for the nine months ended March 31, 2001 report.

Chairman Thibault addressed item 5 of the agenda:

Communication from the Revenue Administrator submitting a School Chargeback Status report.

Mr. Clougherty stated that is the chargeback status report that we have been providing you and that is just again for informational purposes.

On motion of Alderman Levasseur, duly seconded by Alderman Pinard, it was voted to send item 5 to the full Board.



Mr. Clougherty stated if we have better information we would update that and send the most current numbers we have to the Board. If we could do an update before next Tuesday then we will do that and give them something more current rather than giving them what is on here which was submitted a couple weeks ago.

Alderman Levasseur asked are you planning on doing it for the May 1<sup>st</sup> meeting.

Mr. Clougherty replied in the affirmative and stated I just do not want to take what is on here that is stale dated and give it to them I would rather give them the more current if that is okay.

Alderman Thibault addressed item 10 of the agenda:

Report of committee referred back by the full Board on April 3rd relative to the City requesting the State amend RSA 80:56 which would authorize cities and towns to charge a fee of \$50 plus all protest, bank and legal fees for uncollected checks.

Mr. Clougherty stated that he would work with the State Treasurer regarding this.

Alderman Lopez stated he did not want him to do that.

Mr. Clougherty stated that he would move forward with the State Treasurer.

Alderman Lopez stated the Board did not sanction the RSA. There is not authority to change the RSA.

Chairman Thibault stated to present to the full Board and have the full Board give approval.

Alderman Lopez stated that this went to the full Board and was tabled for a long time and was taken off the table to bring back to this committee.

Chairman Thibault stated that he would not go along with this.

Alderman Lopez stated that he did not give approval.

On motion of Alderman Levasseur, duly seconded by Alderman Pinard, it was voted to receive and file item 10.

Chairman Thibault asked we should not go along with this and try to bring this up to where it should be.

Alderman Lopez replied well we did not give any approval to do that.

Chairman Thibault stated but he could come back before the Board and ask the Board to give him that authority.

Alderman Lopez stated he could come back to this committee because that is where it lies in the Accounts Committee and that is where they brought it try to change the State Statute.

Alderman Levasseur stated when I made that motion, Mr. Chairman, I believe that was because I thought that they were going to go and have the RSA changed.

Chairman Thibault stated that is the way I understood it also.

Mr. Clougherty stated certainly if there is a change recommended by the Treasurer or somebody else we will bring it back to this committee we will explain what is going on and ask for the support of that legislation. But in the meantime we will provide information to those parties that are working on this issue.

Alderman Lopez stated I disagree with that because the full Board referred it back here because a presentation that was going to get to the full Board at the first time we ever dealt with it, Kevin, was a different type of presentation because your staff did not have the total statistics of what was presented to the audit committee.

Mr. Clougherty replied that is not exactly true. When this originally came up it was presented to the Committee on Accounts as a concept that we wanted to get some discussion with. There was not a formal presentation by my staff or anybody it was just a general discussion about that and that discussion was referred to the Board. We were prepared the whole time that was tabled to present basically what I have given you tonight. Those statistics and those numbers have not really changed in a year. It is okay that it came back here and it is okay that we do not take the point on this issue but for us we feel it is important that if there is something that is going on at the State level with the Treasurer where this is going to change or if there is something that is going to go on with the Municipal Association or GFOA that we have some input in that to make sure that it is something reasonable for the City.

Chairman Thibault stated if in fact, Kevin, as our Finance Officer, is telling us that he is loosing money and then we are tying his hands for him not to be able to get out of that dilemma what are we saying.

Alderman Lopez stated I would give the benefit of the doubt then. Mr. Chairman, before he does anything else I would like a full presentation on this changing the RSA to this Committee.

Chairman Thibault stated so next meeting, Kevin, you will do that again.

Alderman Levasseur stated Kevin, I thought we were going to do that right now if you still wanted to make that presentation.

Mr. Clougherty stated it is what I just gave you...the presentation is what we just discussed.

Alderman Lopez asked there is no statistical data...do you have any statistical data to present to this committee.

Mr. Clougherty replied in the affirmative and stated we could present some statistical data if you would like, sure. We will bring it to the next meeting and then that way you could have it in advance and you could take a look at it.

Alderman Lopez stated that is fine and I would give the courtesy for you to do that and also the Tax Collector needs to comment and Joan if you could write your comments or be here at that meeting on May 8<sup>th</sup> I think it is important that we get the whole story.

It is noted Alderman Levasseur withdrew his motion and Alderman Pinard withdrew his second to receive and file.

On motion of Alderman Levasseur, duly seconded by Alderman Lopez, it was voted to table item 10.

Mr. Clougherty stated I do not want to do it today, Alderman, and just spring it on you I would rather have people look at it.

Alderman Lopez stated I agree with you and bring it back to the next meeting and give us advance copies.

Chairman Thibault stated but Alderman Lopez I just want you to understand what I said...here he is presenting us a way that he is loosing money and we are tying his hands for him not to be able to get out of that. To me, that is wrong. There has to be a way around that.

Alderman Lopez stated I do not know if that is true because no presentation has been made.

There being no further business to come before the committee, on motion of Alderman Levasseur, duly seconded by Alderman Pinard, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee